



John Smith
President & CEO
FedEx Ground

Letter of Assurance

Last week FedEx Ground received a letter which was accompanied by a publicly released video and was followed very closely with related media stories. The letter and the video make several claims about FedEx Ground and your individual businesses and reference the formation of a third party that would “speak on behalf of thousands of CSPs across the United States.” In the letter and video, certain “across the board” financial demands were made of FedEx Ground along with a deadline for the company to agree.

Since these communications were released in a very public and coordinated manner, FedEx Ground wants to make clear to every service provider our initial thoughts concerning this effort.

- FedEx Ground recognizes the challenges of current market conditions and cost pressures. We remain committed to engaging in a productive dialog with service provider businesses to understand and address these issues.
- FedEx Ground will not discuss, negotiate, or renegotiate service provider agreements or financial terms with a committee or any individual purporting to represent a collective body of service provider businesses. The service provider model was built around the recognition that each business has unique and distinct characteristics and entrepreneurial goals, and therefore each agreement is – and will, without exception, continue to be – negotiated individually. Moreover, any effort by service providers to negotiate financial terms as a group is a breach of the contract with FedEx Ground.
- FedEx Ground expects every business under contract to honor its obligation to provide service.

The communications published contain several inaccuracies. For example:

- Service levels are not declining and have instead improved significantly since January, including a steady climb in the past three months.
- The communications inaccurately speculate about the impact of Sunday operations on FedEx Ground’s financial results. We have been evaluating the efficiency and market demand for these operations for several months, and it is after this thorough analysis that FedEx Ground announced the suspension of Sunday delivery operations in certain markets.
- Lastly, the communications mischaracterize as a “fine” the Liability Coverage Contribution and Safe Operating Incentive that is based on each service provider’s accident frequency. The vast majority of service provider businesses will not, in fact, be affected by this program in October as claimed, but rather several months later. In addition, based on current safety results, more service provider businesses than not will experience no financial impact – or will receive an additional financial payment from FedEx Ground for excellent safety results.

We recognize that the shifting market dynamics and current economic conditions may pose new challenges for your business. Whether your company operates under the ISP or TSP agreement, or both, let me assure you that all of us at FedEx Ground are committed to working directly with your company to understand the market in which it operates. We continue to encourage authorized officers of service providers to pursue the opportunity to renegotiate your business’ agreement as you see fit.

We are committed to listening, reviewing the relevant data about your business, and engaging in a productive business-to-business dialog. We believe this is the most effective path for creating continued opportunities for success and respecting the fact that each of you own and lead your own businesses.

Thank you.



John Smith
President and CEO
FedEx Ground

Copyright © 2022 FedEx, All rights reserved.

You are receiving this email because your business is contracted to provide services to FedEx Ground and you have been designated as your business's authorized officer.

Our mailing address is:

FedEx
1000 FedEx Drive
Moon Township, PA 15108

[Add us to your address book](#)

Want to change how you receive these emails?

You can [update your preferences](#) or [unsubscribe from this list](#).